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BEFORE THE
ILLINOIS COMMERCE COMMISSION

IN THE MATTER OF:)
)
HELIO LLC,) No. 05-0728
)
Application for a Certificate)
of Service Authority to)
Operate as a Wireless Reseller)
of Telecommunications Services)
in the State of Illinois,)

Chicago, Illinois
January 5th, 2006

Met, pursuant to notice, at Chicago.

BEFORE:

CLAUDIA E. SAINSOT, Administrative Law Judge

APPEARANCES:

KIRKPATRICK & LOCKHART NICHOLSON GRAHAM, LLP, by
MR. JAMES P. MELIA and MR. H. RUSSELL FRISBY, JR.
Payne Shoemaker Building
240 North Third Street
Harrisburg, Pennsylvania 17101
(717) 231-4500
for Helio LLC (telephonically).

SULLIVAN REPORTING COMPANY, by
Alisa A. Obecny, CSR
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I N D E X

<u>Witnesses:</u>	<u>Direct</u>	<u>Cross</u>	<u>Re-direct</u>	<u>Re-cross</u>	<u>By Examiner</u>
Terrence Boyle	6				15

E X H I B I T S

<u>Number</u>	<u>For Identification</u>	<u>In Evidence</u>
1	4	5
2	5	5
3	18	18

1 JUDGE SAINSOT: By the authority vested in me
2 by the Illinois Commerce Commission I now call Docket
3 05-0728. It is the application of Helio LLC, for a
4 Certificate of Service Authority to operate as a
5 wireless reseller of telecommunication service in the
6 State of Illinois.

7 Will the party present identify itself
8 for the record, please.

9 MR. MELIA: Yes, your Honor. My name is James
10 P. Melia. I'm an attorney with Kirkpatrick &
11 Lockhart Nicholson Graham. I am counsel for Helio
12 LLC. On the call also is my colleague, Russell
13 Frisby. He is located in our Washington, DC office.

14 And prior to moving forward, your
15 Honor, and pursuant to your suggestion, I would like
16 to perhaps make a motion for limited admission to
17 appear on behalf of the Helio LLC. This would be in
18 a motion in the nature of pro hac vice, which I'm
19 sure your Honor's familiar with.

20 JUDGE SAINSOT: Your motion is granted,
21 Counsel. You are admitted for the limited purpose of
22 this hearing. You can proceed.

1 MR. MELIA: Thank you, your Honor. As you
2 stated, the purpose of our appearance today is to
3 request authority under Section 13-404 of the
4 Illinois Public Utility Law for provision of wireless
5 reseller of telecommunication service, more
6 specifically, commercial mobile radio service
7 throughout the State of Illinois.

8 Helio LLC has filed an initial
9 application dated November 17, 2005, which your Honor
10 has, and I would ask to be marked as Helio Exhibit
11 No. 1.

12 JUDGE SAINSOT: Okay. No. 1 is your original
13 application.

14 MR. MELIA: That's correct.

15 JUDGE SAINSOT: Okay. We will call this
16 Applicant's Exhibit 1.

17 (Whereupon, Applicant's Exhibit
18 No. 1 was marked for
19 identification.)

20 JUDGE SAINSOT: You can proceed.

21 MR. MELIA: We then filed a supplemental
22 application. That was filed with the Clerk's Office

1 on December 16th, 2005. This was filed at the
2 request of ICC Staffperson Karen Chang. And we would
3 request that it be marked as Helio Exhibit No. 2.

4 JUDGE SAINSOT: Okay. It is so marked.

5 (Whereupon, Applicant's Exhibit
6 No. 2 was marked for
7 identification.)

8 MR. MELIA: Your Honor, at this time I would
9 propose to offer as our witness Mr. Terry Boyle on
10 behalf of Helio LLC. I would also state that with
11 Mr. Boyle is Neil Young, who is another principal of
12 Helio LLC.

13 At this point, however, Terry would be
14 our primary witness. And I suppose I would ask that
15 he be sworn at this time.

16 JUDGE SAINSOT: Okay. For the record your
17 motion to admit the Applicant's Exhibit 1 and the
18 Applicant's Exhibit 2 is granted and those are
19 entered into evidence.

20 (Whereupon, Applicant's Exhibit
21 Nos. 1 and 2 were admitted into
22 evidence.)

1 (Witness sworn.)

2 TERRENCE BOYLE,

3 called as a witness herein, having been first duly
4 sworn, was examined and testified as follows:

5 JUDGE SAINSOT: Okay. You can proceed,
6 Mr. Melia.

7 MR. MELIA: Thank you, your Honor.

8 DIRECT EXAMINATION

9 BY

10 MR. MELIA:

11 Q Mr. Boyle, could you state your full name
12 and business address for the record.

13 A Terrence Boyle, 10960 Wilshire Boulevard,
14 Los Angeles, California.

15 Q By who are you employed and in what
16 capacity?

17 A I'm employed by Helio LLC in the capacity
18 of vice president of operations.

19 Q And how long have you been employed by
20 Helio LLC?

21 A Since March of 2005.

22 Q Could you briefly explain the scope of your

1 responsibilities with Helio.

2 A Sure. I run quality assurance systems
3 operations, customer care and supply chain
4 management.

5 Q And why are you appearing here today?

6 A I'm appearing in support of the application
7 filed by Helio LLC for registration as a commercial
8 mobile radio service, wireless telecommunication
9 services in Illinois and throughout the entire state.
10 Helio will be providing both local market and service
11 as a reseller.

12 Q And are you sponsoring as a witness today
13 what has been previously identified as Helio Exhibit
14 Nos. 1 and 2, which are the initial and supplemental
15 applications of Helio LLC?

16 A Yes.

17 Q Could you provide a little background on
18 how long Helio LLC has been in existence generally
19 where you provide services with regard to other
20 states.

21 A We were formed on January 17th of '05 in
22 Delaware. And we're seeking authority to serve all

1 50 states.

2 Q And is Helio registered to do business in
3 the State of Illinois?

4 A Currently it is not. We are. We are.

5 MR. MELIA: And just for clarification, your
6 Honor, appended today to our initial application is
7 evidence of Helio's registration as a corporation in
8 the State of Delaware and also as registration as a
9 foreign business entity in the State of Illinois.

10 JUDGE SAINOT: Okay. Thank you, Counsel.

11 BY MR. MELIA:

12 Q Now, Mr. Boyle, the applications that
13 you're sponsoring reference to Helio as a joint
14 venture between two entities, EarthLink and SK
15 Telecom. Could you provide some background on the
16 business interests of both of these entities.

17 A Sure. EarthLink is the nation's fourth
18 largest ISP. It's a billion-and-a-half-dollar
19 company based in Atlanta, Georgia. SK Telecom is the
20 leading provider of wireless services in South Korea.
21 Its market tabulation is approximately \$17 billion,
22 and they have almost 50 percent market share in South

1 Korea.

2 Q And the annual reports of both these
3 entities have been supplied as exhibits or
4 attachments to the supplemental application; is that
5 correct?

6 A That's correct.

7 Q Now, with regard to Helio's provision of
8 service in Illinois, will Helio be a facilities-based
9 provider?

10 A We're not a facilities-based provider.
11 We're a reseller.

12 Q And whose services will you be reselling?

13 A We will be reselling Sprint and Verizon
14 wireless services.

15 Q And utilizing the facilities of those two
16 carriers as well; correct?

17 A Correct.

18 Q Is Helio -- in terms of its business
19 organization, it has a full-time management; is that
20 correct?

21 A That's correct.

22 Q And the three principals of Helio LLC, are

1 who specifically?

2 A The three principals are Sky Dayton, Wonhee
3 Sull and Todd Tappin.

4 MR. MELIA: And, your Honor, just as additional
5 background we provided a full description of these
6 individuals, business and professional backgrounds,
7 as part of the initial application.

8 JUDGE SAINSOT: I notice that you might want to
9 spell the names for the court reporter though.

10 BY MR. MELIA:

11 Q Mr. Boyle, could you spell those names for
12 the record.

13 A Sure. Sky Dayton, S-k-y D-a-y-t-o-n,
14 Wonhee Sull, W-o-n-h-e-e S-u-l-l, and Todd Tappin,
15 T-o-d-d T-a-p-p-i-n.

16 Q And, Mr. Boyle, how many employees does
17 Helio currently have as part of its business?

18 A Currently we have 140.

19 Q And there were some questions supplied as
20 part of the appendices to the supplemental
21 application which requested whether Helio would
22 maintain its books of account in accordance with

1 generally accepted accounting principles. And I'm
2 referencing Appendix C.

3 Will Helio still maintain its books of
4 account in that fashion?

5 A We will.

6 Q And can you provide a little detail on how
7 Helio's services will be marketed within the State of
8 Illinois?

9 A In the State of Illinois you'll be able to
10 purchase our services over the web or by calling an
11 800 number or by going to a retail store.

12 Q And how will customer service issues be
13 addressed by Helio?

14 A We will provide an 800 number for customers
15 to call, and it will be voice app.

16 Q And how will billing -- how will billing
17 occur by Helio?

18 A Billing will be done through our own
19 billing system.

20 Q And going back to the issue of financial
21 ability, is it your understanding that sufficient
22 resources have been provided by the entities of

1 EarthLink and SK Telecom to fully underwrite the
2 operation of your wireless telecommunication business
3 in Illinois?

4 A Yes. We believe that the two parent
5 companies have given us adequate financial support to
6 run this business.

7 Q And has Helio received any licenses or
8 approvals from the FCC with regard to its operations?

9 A We have.

10 MR. MELIA: And just for purposes of
11 clarification, your Honor -- Mr. Frisby is closer to
12 this than myself -- Helio has filed for what's called
13 a Section 214 application for international
14 long-distance service. That is still being processed
15 by the FCC.

16 BY MR. MELIA:

17 Q Now, Mr. Boyle, there are a number of
18 regulations that are mentioned in the initial
19 application. These appear under 83 Illinois
20 administrative code.

21 I, as counsel, reviewed those
22 applications, determined that many of them were

1 designed largely to apply to traditional
2 telecommunication carriers.

3 Would it be Helio's intent to comply
4 with those regulations to the extent they would apply
5 to your operations?

6 A It would be. As we state in the
7 application, Helio prefers that it is exempt from
8 state regulations as to rates and services under the
9 provision of federal law.

10 However, in the interest of complying
11 with concerns of the IL ICC, we've stated that we'll
12 comply with regulations to the extent applicable.

13 Q Thank you. And, finally, Mr. Boyle, there
14 is a series of questions in Appendix B of the
15 supplemental application, which references 911
16 compliance.

17 Could you just state generally how
18 Helio will comply with any 911 regulatory
19 requirements.

20 A If you can point that appendix out.

21 Q Yeah. It' Appendix B to the supplemental
22 app?

1 A And we have certainly got to be compliant
2 with the standard.

3 Q But is it correct that most of the 911
4 compliance issues really relate to the entities from
5 whom you are leasing capacity, that would be Verizon
6 and Sprint?

7 A That's correct.

8 Q And that you provide them with any
9 necessary data with regard to -- that they would
10 require in order to meet those 911 requirements?

11 A Correct. But ultimately 911 requires that
12 you find a location for the customer and that you
13 stay on the network. That's going to be mainly their
14 issue.

15 Q Okay. Mr. Boyle, are there any other
16 points you would like to make at this time?

17 A No.

18 Q Would that conclude your direct testimony?

19 A Yes, it does.

20 MR. MELIA: Your Honor, I've completed my
21 direct examination of Mr. Boyle. He is available for
22 any questions you may have.

1 JUDGE SAINSOT: I just have a few minor
2 questions.

3 EXAMINATION

4 BY

5 JUDGE SAINSOT:

6 Q Mr. Boyle, does Helio LLC have something in
7 place to prevent slamming and cramming?

8 A Well, we are not going to do outbound
9 sales -- or let me restate that. There are no plans
10 to do outbound sales for the Helio brand. In terms
11 of outbound sales I think that slamming and cramming
12 has been mainly an LD-related problem.

13 Q LD. Could you define what an LD is?

14 A Long-distance-related problems. So
15 generally associated with AT&T, Sprint, MCI and other
16 providers who sell long distance. There hasn't --
17 there haven't been a lot of cases where a wireless
18 service has been accused of slamming and I think
19 there's a couple reasons for that.

20 Number one, the handsets are very
21 expensive. So in a case of long distance there's no
22 physical good, but in the case of wireless there is a

1 wireless handset. So there needs to be a
2 transaction.

3 We also tend to run credit checks and
4 in some cases subsidize the handset to consumers. So
5 it wouldn't be in our interest to try and essentially
6 slam a consumer. We have too much invested in the
7 transaction.

8 Q Thank you. And one more question. This
9 may be two questions.

10 I'm a little unsure as to what type of
11 service you're really going to provide. Just -- is
12 it just purely wireless or...?

13 A Right now we are planning to be a wireless
14 carrier.

15 Q Okay. But it's -- I take it also that you
16 must hook up to the wire lines at one point otherwise
17 you wouldn't need --

18 A That's true. But because we're riding the
19 Sprint/Verizon networks --

20 Q Uh-huh.

21 A -- their tie-ins tend to be theirs.

22 Q Uh-huh.

1 A So they're the ones that tie into what's
2 called the PSDN.

3 Q Okay. And you're reselling Sprint and --

4 A We're reselling Sprint and Verizon.

5 Q Okay.

6 A So essentially we own a lot of
7 infrastructure that makes our service different
8 though. When it comes to carrying voice calls and
9 moving data, we rely on Sprint and Verizon.

10 JUDGE SAINSOT: Okay. I don't have any further
11 questions.

12 Anything further, Mr. Melia?

13 MR. MELIA: No, your Honor. You have admitted
14 into the record the Exhibit Nos. 1 and 2. And I
15 believe we've hopefully met all the requirements
16 established by the Illinois Commission for grant of
17 authority.

18 JUDGE SAINSOT: I think you're in pretty good
19 shape.

20 The record will be marked heard and
21 taken, and if nothing further have a good day.

22 MR. MELIA: Your Honor, you'll be issuing --

1 will there be something coming out, I guess a written
2 decision?

3 JUDGE SAINSOT: An order? Yes. There's one
4 more matter and that is the affidavit of Karen Chang.
5 We'll call that Applicant's Exhibit 3. And you're
6 moving for that to be entered into evidence as well;
7 correct?

8 MR. MELIA: Yes.

9 (Whereupon, Applicant's Exhibit
10 No. 3 was marked for
11 identification.)

12 JUDGE SAINSOT: That motion is granted and that
13 will become part of the record.

14 (Whereupon, Applicant's Exhibit
15 No. 3 was admitted into
16 evidence.)

17 JUDGE SAINSOT: Yeah. I will issue an order.
18 It takes time because I have to get the transcripts
19 back from the hearing.

20 MR. MELIA: Sure.

21 JUDGE SAINSOT: And the transcripts usually
22 take roughly three weeks. And then when the order

1 issues it goes on the Commission agenda. So you can
2 check our web site and see the -- it will be posted
3 on the agenda a little ahead of time.

4 But there has to be some lag time
5 between when I issue the order and when the
6 Commission agenda is so the Commissioners can read
7 it. So it won't be instantaneous, but it shouldn't
8 take too long.

9 MR. MELIA: All right. I will monitor that,
10 and hopefully it will appear fairly soon.

11 JUDGE SAINSOT: Okay. Thanks. Have a good
12 day.

13 MR. MELIA: Judge, thank you.

14 (Heard and taken.)

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